## Message Text

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PAGE 01 STATE 230363

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**ORIGIN SSO-00** 

INFO OCT-01 ISO-00 /001 R

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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. TRUDEAU'S NEW CABINET: MENDING FENCES WITH BUSINESS

EMBASSY OTTAWA BELIEVES THE SEPTEMBER 14 CABINET SHUFFLE SERVES THREE PRINCIPAL OBJECTIVES IN TRUDEAU'S PUSH TO RECAPTURE POPULAR SUPPORT:

- --TO REGAIN BUSINESS CONFIDENCE BY APPOINTING JAMIESON TO EXTERNAL AFFAIRS AND CHRETIEN TO INDUSTRY, TRADE AND COMMERCE:
- --TO PROJECT A TAKE-CHARGE IMAGE WITH APPOINTMENTS OF TOUGH, ABLE AND INDUSTRIOUS BACKBENCHERS;
- --TO PERSEVERE IN CONVINCING THE COUNTRY OF THE IMCONFIDENTIAL

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PAGE 02 STATE 230363

PERATIVES OF BILINGUALISM.

TRUDEAU COUNTERED THE PRO-BUSINESS TILT BY NAMING TONY ABBOTT, A BRIGHT AND ACTIVE BACKBENCHER, AS THE NEW MINISTER OF CONSUMER AND CORPORATE AFFAIRS. HE STILL COULD NOT RETAIN THE ALLEGIANCE OF THE HIGHLY POPULAR BRUCE MACKASEY, HOWEVER, WHOSE LOSS TOOK THE SHINE OFF THE SHUFFLE.

EMBASSY COMMENT: THE MOVES SHOULD MAKE THE CABINET MORE EFFECTIVE, AND WILL REFURBISH THE PARTY IMAGE WITH NEW FACES. MORE IMPORTANTLY, WE BELIEVE THE NEW TEAM WILL GIVE GREATER ATTENTION AND HIGHER PRIORITY TO CANADIAN RELATIONS WITH THE US. (CONFIDENTIAL) OTTAWA 3725, 9/16.)

2. SWEDISH ELECTIONS: OPPOSITION RIDES AN EMOTIONAL ISSUE

THE OPPOSITION CENTER PARTY IS RIDING AN EMOTIONAL TIDE AGAINST NUCLEAR ENERGY AS THE SWEDISH ELECTION CAMPAIGN ENTERS ITS FINAL WEEK. EMBASSY STOCKHOLM REPORTS THAT PALME FINDS HIMSELF AND HIS SOCIAL DEMOCRATS INCREASINGLY FORCED TO ANSWER CENTER LEADER FALLDIN'S SLOGAN, "DON'T VOTE AWAY SECURITY; VOTE AWAY NUCLEAR ENERGY;" LESS DRAMATIC ISSUES SUCH AS THE ECONOMY AND SOCIAL BENEFITS HAVE BEEN PUSHED INTO THE BACKGROUND.

THE EMBASSY NOTES THE SOCIAL DEMOCRATS APPARENTLY ARE HAVING SOME TROUBLE MAINTAINING THEIR TRADITIONALLY HIGH MORALE, BUT BELIEVES THE ELECTION IS STILL "EXTREMELY CLOSE." (LIMITED OFFICIAL USE) STOCKHOLM 5046, 9/15.)

3. ITALY: A LOOK AT DC-PCI RELATIONS

EMBASSY ROME SUGGESTS THAT PRESENT DC-PCI RELATIONS ARE CONSIDERABLY MORE FLUID THAN MIGHT BE THOUGHT. IN SUPPORTING THEIR THEORY, THE EMBASSY SAYS:

--THE DC CHOSE TO ACCEPT A GREATER COMMUNIST ROLE IN PARLIAMENT AS THE LEAST COSTLY WAY TO OBTAIN NEEDED PCI SUPPORT.
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CONFIDENTIAL

PAGE 03 STATE 230363

- --WHILE STILL EXCLUDED FROM PARTICIPATION IN GOVERN-MENT, THE PCI IS NOW SADDLED WITH THE RESTRAINT OF RESPONSIBILITY.
- --SINCE ANDREOTTI HAS STRESSED THAT ALL DISCUSSIONS BETWEEN PARTIES WILL TAKE PLACE OPENLY IN PARLIAMENT, THE OTHER PARTIES, PARTICULARLY THE PCI, WILL NOW BE

FORCED TO TAKE PUBLIC POSITIONS ON DC PROPOSALS.

--IF THE DEGREE TO WHICH THE DC CAN INFLUENCE THE PSI'S FUTURE COURSE IS LIMITED, THE PCI'S LEVERAGE ON THE SOCIALISTS IS ALSO IMPERFECT.

EMBASSY COMMENT: WE SEE THE DC AND PCI AT SOMETHING OF A STALEMATE. IF THE PCI ENJOYS THE PSYCHOLOGICAL EDGE, BOTH PARTIES HAVE AN EQUAL CHANCE TO EXPLOIT THE NEW SITUATION. (CONFIDENTIAL) ROME 15012, 9/15.)

4. WILL THERE BE A SOUTH ATLANTIC TREATY ORGANIZATION?

EMBASSY BUENOS AIRES SAYS THERE IS INCREASED CONCERN IN ARGENTINA OVER THE DANGER TO SECURITY OF THE SOUTH ATLANTIC REGION BECAUSE OF SOVIET/CUBAN PENETRATION INTO SOUTHERN AFRICA. MERCADO, AN INFLUENTIAL WEEKLY NEWS AND COMMENTARY MAGAZINE, HAS SUGGESTED THAT THE TIME IS COMING FOR AN INTEGRATED FORCE, MADE UP OF COUNTRIES IN THE REGION AND LED BY THE US, TO PREPARE TO DEFEND SOUTHERN AFRICA FROM THE MARXIST MENACE. THOSE WHO FAVOR THE IDEA SAY:

- --THE "MARXIST GEOPOLITICAL THREAT" IS NO LONGER FAR AWAY FROM THE NORTHERN HEMISPHERE, IT IS JUST ACROSS THE WATER.
- --THE ADVANCE OF COMMUNIST INFLUENCE IN SOUTHERN AFRICA WOULD HAVE DIRE IMPLICATIONS FOR THE CONTROL OF THE INDIAN OCEAN AND ASSURED PASSAGE AROUND CAPE HORN.

EMBASSY COMMENT: SOME MILITARY AND GOVERNMENTAL OFFICIALS CONFIDENTIAL

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PAGE 04 STATE 230363

HAVE INDICATED CONCERN. OTHERS DISMISS THE WHOLE IDEA OF A NEW THREAT TO SOUTH ATLANTIC SECURITY AS THE HEATED IMAGININGS OF EXTREME ANTI-MARXIST ARMCHAIR GENERALS AND ADMIRALS. (CONFIDENTIAL) BUENOS AIRES 5999, 9/15.) HABIB

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: CABINET, MORNING SUMMARY, PERSONNEL MOVEMENTS, ELECTION CAMPAIGNS, OPPOSITION PARTIES, POLITICAL PARTIES, REGIONAL DEFENSE ORGANIZATIONS

Control Number: n/a Copy: SINGLE Draft Date: 17 SEP 1976 Decaption Date: 01 JAN 1960 **Decaption Note:** 

Disposition Authority: ellisoob Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 28 MAY 2004 Disposition Event:

Disposition History: n/a Disposition Reason: **Disposition Remarks:** 

Document Number: 1976STATE230363 Document Source: CORE

**Document Unique ID: 00** Drafter: O: LEGGIO Enclosure: n/a Executive Order: GS Errors: N/A

Film Number: D760351-0198

From: STATE Handling Restrictions: n/a

Image Path: ISecure: 1

Legacy Key: link1976/newtext/t19760947/aaaabokp.tel

Line Count: 158

Locator: TEXT ON-LINE, ON MICROFILM Office: ORIGIN SSO

Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators: n/a Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: n/a Review Action: RELEASED, APPROVED

Review Authority: ellisoob Review Comment: n/a Review Content Flags: Review Date: 29 MAR 2004

**Review Event:** 

Review Exemptions: n/a

Review History: RELEASED <29 MAR 2004 by GarlanWA>; APPROVED <19 AUG 2004 by ellisoob>

**Review Markings:** Margaret P. Grafeld

Declassified/Released US Department of State EO Systematic Review

04 MÅY 2006

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: MORNING SUMMARY OF SIGNIFICANT REPORTS TAGS: PFOR, PGOV, PINT, MPOL, CA, SW, IT, AR, XN To: NSA DOD TRSY MULTIPLE

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006